SHELL OIL COMPANY 1968 ANNUAL REPORT

SHELL OIL COMPANY

Executive Offices:

SHELL OIL COMPANY
SHELL CHEMICAL COMPANY
SHELL DEVELOPMENT COMPANY
50 West 50th Street, New York, N. Y. 10020

SHELL PIPE LINE CORPORATION
Shell Building, P.O. Box 2648, Houston, Texas 77001

1968 ANNUAL REPORT

Year Ended December 31, 1968

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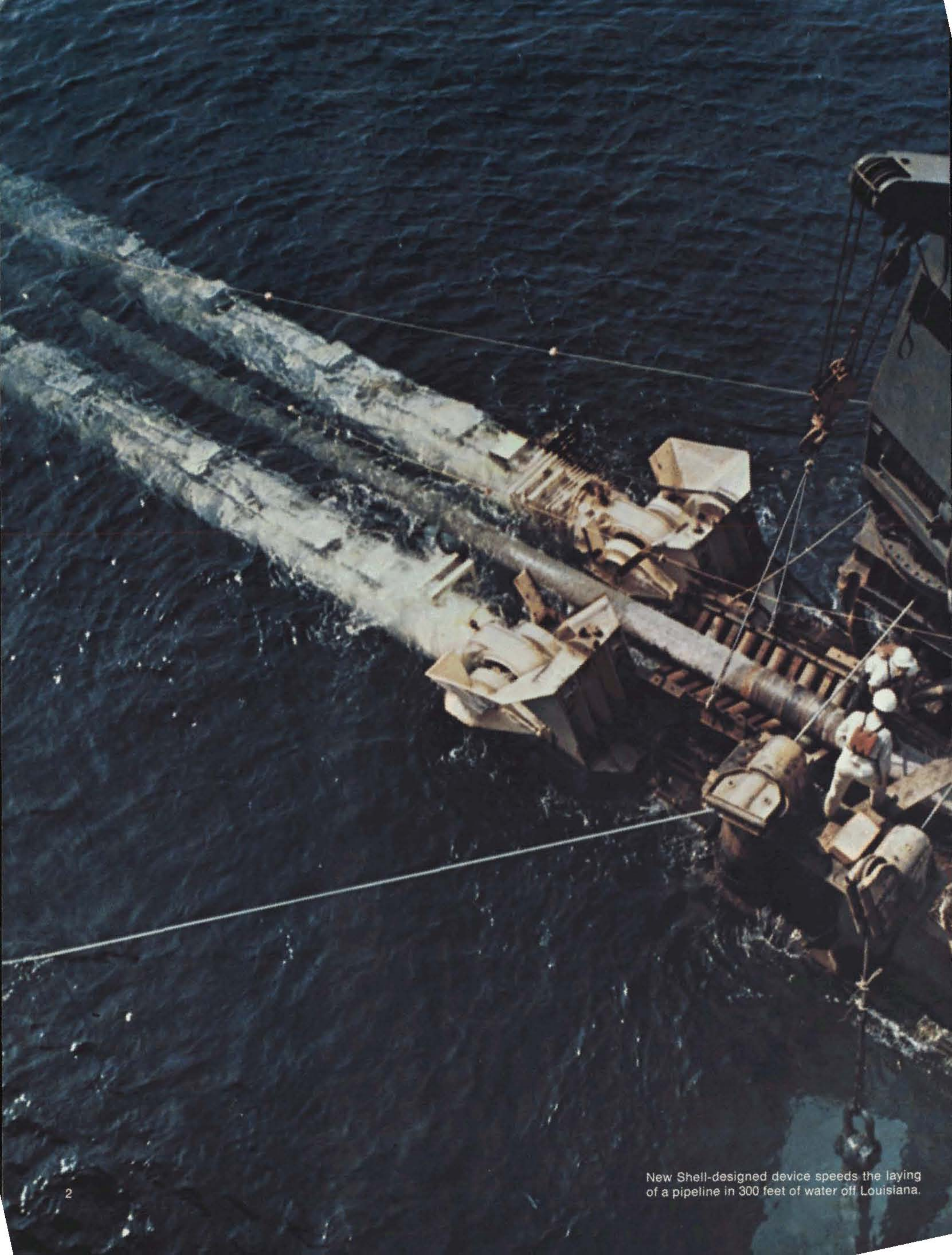
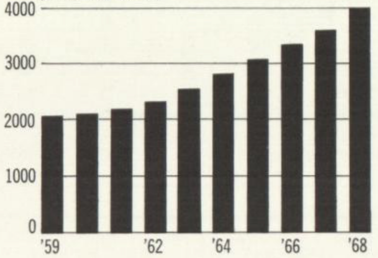
The Annual Meeting
of shareholders will be held at The Waldorf-Astoria (Jade Room), Park Avenue at 50th Street, New York, N.Y., at 11 A.M. Thursday, April 24, 1969. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to shareholders on or about March 21, 1969.

An exploratory well drilling for new production at an isolated site in Texas.

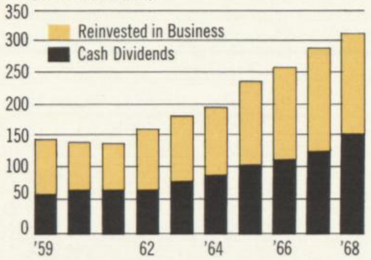


New Shell-designed device speeds the laying of a pipeline in 300 feet of water off Louisiana.

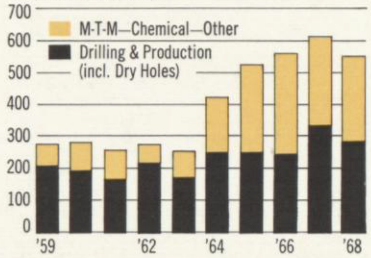
REVENUES
(millions of dollars)



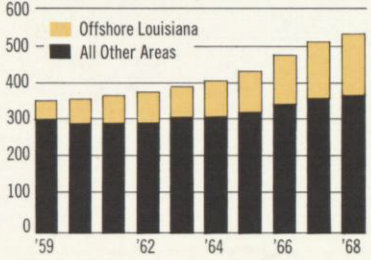
NET INCOME
(millions of dollars)



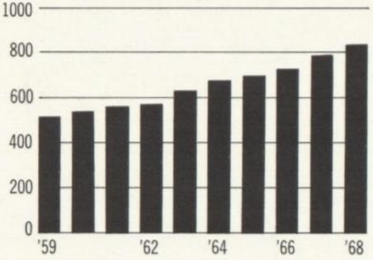
CAPITAL EXPENDITURES
(millions of dollars)



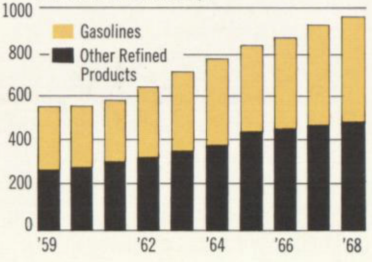
NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION
(thousands of barrels daily)



REFINERY CRUDE INTAKES
(thousands of barrels daily)



REFINED PRODUCTS SALES
(thousands of barrels daily)



HIGHLIGHTS OF THE YEAR

Financial	1968	1967
Revenues	$4,007,730,000	$3,672,810,000
Net Income	$ 312,091,000	$ 284,849,000
Per Share	$4.72	$4.66
Cash Dividends	$ 151,376,000	$ 128,280,000
Per Share	$2.30	$2.10
Capital Expenditures	$ 554,072,000	$ 618,887,000
Shareholders' Investment	$2,537,945,000	$2,067,340,000
Total Assets	$4,229,996,000	$3,660,021,000

Operating		
Net Crude Oil and Natural Gas Liquids Produced (Barrels Daily)	532,000	514,000
Net Natural Gas Produced (Thousand Cubic Feet Daily)	2,201,000	2,046,000
Refinery Crude Intakes (Barrels Daily)	832,000	795,000
Refined Products Sold (Barrels Daily)	966,000	921,000
Chemical Sales Revenue	$ 512,800,000	$ 437,086,000

TO THE SHAREHOLDERS

We take pleasure in submitting this report on the operations of Shell Oil Company for 1968. The year was an excellent one for the Company as the continuing expansion in all phases of its activities extended further the long-term growth trend in revenues, earnings and dividends.

Consolidated net income reached $312.1 million. This was $27.3 million, or 10 percent over 1967 and a new high for the seventh consecutive year. Per share earnings were $4.72 on an average of 66.1 million shares outstanding, compared with $4.66 for 1967 when, on the average, 61.1 million shares were outstanding. The greater number of shares outstanding during 1968 is primarily due to a subscription offering of stock by the Company last March. Dividends were raised for the sixth successive year—from $2.10 a share in 1967 to $2.30 in 1968. Total revenue for the year rose 9 percent over 1967 to $4,008 million.

Earnings for 1968 benefited from record volumes in the production of liquid hydrocarbons and natural gas, in refinery intakes of crude oil, and in sales of refined products, natural gas and chemicals. Another factor contributing to higher income was the interest earned on the short-term securities in which the temporarily surplus funds derived from the March equity financing were invested. Partially offsetting these favorable factors were an increase in exploration and production costs, larger capital write-offs on new facilities, and the 10-percent federal income surtax.

Capital expenditures for 1968 amounted to $554 million, about 10 percent below last year's record-breaking $619 million. One-half of this amount was invested in the modernization and expansion of oil and chemical manufacturing, marketing and transportation facilities and the rest in exploration and development of oil and gas properties. In addition, exploration expenses charged against income totaled $88 million. The decline in capital expenditures does not indicate a change in our planning for the future; it was the result of smaller outlays for offshore leases and of construction delays at the Wood River, Illinois, Refinery caused by problems involving jurisdictional disputes among construction labor unions.

Last March, the Company offered holders of its Common Stock the right to subscribe, at $50 a share, for 6,123,985 additional shares of Common Stock at the rate of one share for each ten shares held of record at the close of business on March 1, 1968. The net proceeds to the Company, after payment of underwriting commissions and other expenses, amounted to $304.3 million. As a result, the Company entered 1969 with a strong cash position, which will be utilized to support the continuation of a substantial investment program. This will include the major expansion projects at the Wood River Refinery begun in 1966 and at the Houston Refinery and Chemical Plant started last year. They will enlarge and improve manufacturing facilities in line with long-range plans. In addition, a step-up is planned in 1969 in exploratory drilling to take advantage of available wildcat opportunities. As a consequence, it is expected that 1969 capital expenditures will exceed those of 1968.

March 14, 1969

Early in January, 1969, the Oil Chemical and Atomic Workers International Union called a strike against a major segment of the oil industry, and 5,000 Shell employees represented by the OCAW left their jobs. At most Shell locations, operations were not interrupted as trained, experienced supervisory and other staff employees filled the operating jobs. The struck Shell locations included five refineries; six chemical plants; and production, pipeline and research facilities in California. Shell's distribution system was altered to ensure that there was minimal interruption in the flow of products to customers. As of this writing, settlements meeting an industry pattern had been reached at several Shell facilities.

With regard to the economy in 1969, it is expected to continue to expand but at a slower rate of growth, at least through the first half of the year. Total domestic demand for refined products is expected to increase by a little more than 3 percent and that for automotive gasoline between 3 and 4 percent, about one-half of the gains in 1968. Consequently, it is reasonable to believe that earnings for the domestic oil industry and for Shell will continue to increase in 1969, but at a slower rate than in 1968.

The number of persons on the Board of Directors was increased from 13 to 15. Elected as Directors were R. M. Hart, Executive Vice President in charge of M-T-M (Marketing, Transportation and Supplies, and Manufacturing), and Dr. J. E. Wallace Sterling, one of the country's most prominent figures in higher education, who served as President of Stanford University from 1949 until the latter part of 1968, when he became lifetime Chancellor of the university.

As the Company's operations continue to expand in scope and complexity, the task of running the enterprise in the most efficient and productive manner also becomes more challenging. It is gratifying to your management to report that the accomplishments of the past year, details of which are set forth in the following pages, were the result of contributions of all categories of Shell employees. The investments which we are continuing to make to expand and improve the business, combined with the competence of our people, lead your management to view the years ahead with confidence and with the conviction that the Company will continue to excel in its fields. We also wish to thank our shareholders and customers for the privilege of serving them, and hope to merit their continuing support.

FOR THE BOARD OF DIRECTORS

Monroe E. Spaght

Monroe E. Spaght
Chairman

R. C. McCurdy
President

Research geologists probe the ocean floor to obtain information helpful in the search for oil.

EXPLORATION AND PRODUCTION

Production volumes again increased to record levels. Liquid hydrocarbon production in 1968 averaged 532,000 net barrels a day, an increase of 18,000 barrels a day for the year. Natural gas production rose to a daily average of 2.2 billion net cubic feet, or 155 million cubic feet a day more than in 1967.

OIL AND GAS RESERVES

Net proved reserves at year-end were estimated at 2.4 billion barrels of liquid hydrocarbons and 10.1 trillion cubic feet of gas. About 77 percent of the liquid reserves and 84 percent of the gas reserves were estimated to be recoverable without drilling additional wells. Despite the record production, net liquid additions to ultimate recovery made during the year slightly exceeded net liquid production, while net gas additions were below production.

EXPLORATION

Exploratory interest in 1968 continued to center on offshore areas, especially offshore Louisiana. Over 35 percent of the Exploration drilling investment last year went into offshore wells. The Company acquired four new tracts at federal sales of leases off Louisiana, Texas and California. One, which cost $21.3 million, is a highly desirable tract off Louisiana adjacent to our producing acreage in the Bay Marchand Block 2 field. Delineation drilling of this tract was begun with a mobile rig on the second day after the lease was obtained and confirmed the presence of hydrocarbons. A new platform which can accommodate up to 30 wells is being fabricated and is scheduled to be installed in the third quarter of this year. Evaluation continued on the 18 tracts off Louisiana obtained in the 1967 federal lease sale. In addition to the two discoveries previously announced, encouraging results are indicated at other locations.

EXPLORATION AND PRODUCTION EXPENDITURES—In Millions of Dollars

	1968	1967	Change
Oil and gas leases	$ 51.8	$117.1	$(65.3)
Producing wells and equipment	176.4	174.9	1.5
Natural gas processing plants	8.4	7.4	1.0
Dry holes	44.9	44.2	.7
Geological, geophysical and lease rental expenses ...	88.3	84.7	3.6
Total	$369.8	$428.3	$(58.5)

Onshore exploration activities were quite extensive during the year. The Company has maintained favorable lease positions in several major areas of interest to the industry and has initiated new exploratory plays in less active regions. Main exploration operations were in the Gulf Coast area, west Texas, California, southern Alaska and several basins in the Rocky Mountains and the Mid-continent.

The industry's exploration interest in Alaska has recently focused on the Arctic North Slope following a major discovery at Prudhoe Bay. The Company's holdings in this region at present consist of federal leases covering 300,000 net acres. Part of this acreage has been pooled with leases held by another company. The two companies conducted a joint reconnaissance seismic survey in the area in 1964 and commenced another survey late last year. The nearest Shell acreage is about 15 miles southeast of one of the Prudhoe Bay discovery wells.

PRIMARY DEVELOPMENT

In Louisiana coastal waters, work continues in developing new fields and in extending the known limits of the reservoirs in the older fields. Some 41 new producing wells were completed in the South Pass Block 24 and Block 27 fields. Development drilling is proceeding from new platforms in the South Marsh Island Block 6 and Eugene Island Block 276 fields. At year-end, two rigs were developing oil and gas reserves at Eugene Island Block 175. A new drilling platform for the South Pelto Block 23 field was in the final stages of fabrication.

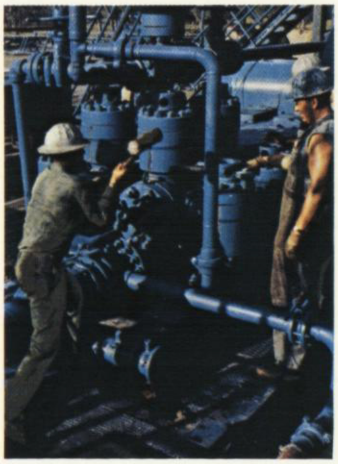
NET WELLS DRILLED

	1968	1967
Exploratory wells		
Drilled	139	136
Successful	17	27
Development wells		
Drilled	649	595
Successful	569	541

Development continued from the two platforms at South Pass Block 62, and a third platform was being readied for installation in waters over 300 feet deep. Shipments of crude oil to shore through a new Shell-owned pipeline were averaging 8,500 barrels a day from 33 wells.

Two platforms have been installed and three are under construction for leases obtained in the 1967 federal lease sale. At the Main Pass Block 290 field, drilling was started from two platforms, and a 37-mile pipeline to shore was put into operation. At year-end, 26 wells had been drilled, and production was at a rate of over 2,400 barrels of oil a day. Fabrication of a new platform for South Pass Block 70 was completed, and the structure was ready to be installed offshore.

Gas sales contracts consummated in late 1967 and in 1968 have necessitated significant preparations for bringing the gas to market. Additional wells are being drilled at some locations, and shut-in wells are being placed on production in several fields. Dehydration facilities, compressors and gathering lines were installed where required.



Rig crew prepares a heavy duty pump for oil well drilling service.

The work onshore in Louisiana has been aimed primarily at seeking additional reserves in or adjacent to the Company's existing fields. As an example, new oil and gas accumulations have been located near the West Lake Verret field, where production was first started in 1938. Another phase of onshore work has been the modernization of selected producing facilities and installation of automated production equipment and electronic control systems in several fields. These programs are aimed at holding down the rising production costs.

In Mississippi, new development drilling took place in several fields along a geologic trend of Jurassic-age formations. The Company participated in drilling 24 wells in this region during 1968. These wells had a combined initial production of 7,100 barrels a day, Shell's share being 4,300 barrels a day.

In California, THUMS, a company in which Shell has a one-fifth interest, continued to develop the seaward extension of the East Wilmington field for the fourth year, drilling 213 wells. Shell's share of gross production reached about 18,500 barrels a day. Development drilling continued at the Ryer Island gas field, northeast of San Francisco.

In Alaska, development drilling was completed on the first platform at the Shell-operated Middle Ground Shoal field in Cook Inlet. A total of 16 wells were drilled. Ten wells were drilled from a second platform during the year. Shell's one-third share of the production was 7,000 barrels of oil a day at year-end.

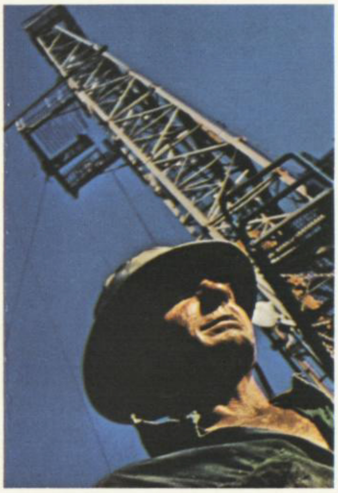
SUPPLEMENTAL RECOVERY

Great emphasis continued to be placed on recovering oil which cannot be produced by primary development methods. Gulf Coast and Mid-continent water floods continue to perform favorably. The pilot steam drive at the Slocum field in Texas has proved successful, and the program is being expanded to include larger portions of the field.

On the West Coast, selected reservoirs in the Ventura field are responding to water injection, and as a result, waterfloods are being initiated in other reservoirs in the field. Water injection facilities have also been installed in the Middle Ground Shoal field in Alaska. Production of crude oil from thermal projects in California reached a new high of 25,000 barrels a day, and more thermal programs are under way.

NATURAL GAS

Two developments during 1968 have a significant impact on the Company's natural gas business. The first was the U.S. Supreme Court's affirmation of the Federal Power Commission's Permian Basin decision. In this landmark ruling the FPC set maximum prices for interstate gas sales from the Permian Basin. Soon thereafter, a second major FPC decision established price ceilings for southern Louisiana, including the offshore. The ceiling prices set by both decisions were substantially less than current prices. It is felt that these low prices will materially reduce the incentive to explore for and develop new reserves of natural gas. The southern Louisiana decision is not final and has been strongly opposed by natural gas producers, gas transmission companies, many natural gas distributors, and some state regulatory agencies. The decision on southern Louisiana could possibly be revised to lessen the adverse impact on producers.



The mast of a drilling rig reaches toward the sky above a driller.

Based on 1968 gas sales volumes, these two FPC decisions will reduce Shell's annual natural gas revenues by approximately $9 million and require the refunds of $20 million. The refunds were fully reserved and will not affect reported net income. The Company is vigorously pursuing sales to the nonregulated intrastate gas markets where in many instances higher prices prevail.

New gas sales contracted by the Company during the last two years and not reaching full production until late 1968 or 1969 will result in substantial volume increases which will offset the decline in annual revenues caused by the two FPC decisions.

Capital commitments for natural gas processing facilities reached a new high of $25 million last year. Two wholly owned and four partially owned new gas processing plants were placed in operation early in the year. Construction was started on a new, partially owned plant near Calumet, Louisiana, and expansion programs were begun at four existing, partially owned plants. Shell's share of the production from these projects will exceed 15,000 barrels daily, a 26-percent increase over previous production.

After hydrocarbon liquids are extracted from natural gas, it is often desirable to process the liquid stream further, separating the various hydrocarbon components, such as propane, butane and natural gasoline. A contract has been awarded for erecting a 28,000-barrel-a-day plant for this purpose next to the Norco, Louisiana, Refinery.

ORGANIZATION

Changes were made in the Exploration and Production Organization at several locations to improve supervision and coordination. In New Orleans, and in Houston and Midland, Texas, many functions formerly conducted by Area Vice Presidents are now performed by Division General Managers. In related moves, the Houston and Midland Areas were combined in a new Southwestern Region, and the New Orleans Area organization was restructured as the Southeastern Region.

MARKETING TRANSPORTATION AND SUPPLIES MANUFACTURING

The volumes of hydrocarbons manufactured, transported and marketed in 1968 were the largest in the Company's history. To achieve this record performance, refineries, pipelines and other major facilities in the various segments of the M-T-M complex (Marketing, Transportation and Supplies, and Manufacturing) operated at or close to capacity throughout the year. At the same time, a balanced large-scale program of expansion and modernization encompassing all parts of this complex was carried forward to provide for further long-range, coordinated growth.

The volume of refined products sold last year averaged 966,000 barrels a day, an increase of 4.9 percent over the 1967 volume. The Company's gains continued to be concentrated in the higher-valued products. Revenues from sales of refined products amounted to $1,969 million, an improvement of 6.5 percent over the figure of the previous year.

Automotive Gasoline The greater volume of refined product sales was the result primarily of a rise of 9.1 percent in the sales volume of automotive gasoline. This increase was substantially greater than the industrywide gain of 6.4 percent and lifted Shell's share of the market to 8.7 percent, compared with 8.5 percent in 1967 and 6 percent in 1960, when the vigorous drive to improve the Company's market position was initiated.

Much of this progress can be attributed to the long-term program to improve Shell service station sales performance. Significant gains have been achieved by means of the selective development of new service stations and the closing of obsolete stations combined with an expanded, comprehensive structure of sales support programs. The latter consisted of mass advertising, market promotions of many kinds, extended and intensified training for dealers and their employees, and a multiplicity of local market and individual station merchandising campaigns available to dealers on a voluntary basis.

Aviation Fuels and Lubricants The Company maintained its position as the leading supplier of fuels to commercial aviation in the United States, with a gain of 21.3 percent in total turbine fuel sales volume, substantially above that of the industry. All segments of aviation—commercial, military and general aviation—contributed to the Company's overall gain. In the field of aviation lubricants, Shell research developed an entirely new jet engine lubricant which is being used by military aircraft.

Other Products Asphalt sales increased at a rate below that of the industry as a whole, while distillate fuel oil sales declined, as newer manufacturing facilities maximized the yield of more valuable gasoline and jet fuel.

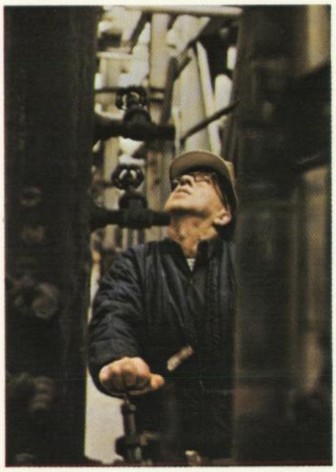
An increase of 6.9 percent in the volume of liquefied petroleum gas sold surpassed by a wide margin the industry rise, but price erosion resulting from a general oversupply caused revenue to fall from the level of the previous year. By the end of the year, demand was again exceeding production.

OPERATIONS

REFINED PRODUCTS MANUFACTURED —Thousand Barrels Daily

	1968	% yield
Gasolines	439	50
Jet and Light Fuels	240	28
Heavy Fuels	87	10
Other products	108	12
Total	874	100

Experimental SHELLSHAPE diagnostic and repair centers utilize latest electronic testing devices.



An operator adjusting a valve in the power house of a refinery.

Sizable gains were experienced in sales of three Shell-developed lubricants: TORNUS®, a high quality railroad oil; DIALA®, a premium electrical transformer oil, and Shell's premium multigrade motor oil, Super Shell, which exceeds all warranty requirements of U.S. automobile manufacturers.

Refineries To meet the growing demand for Shell products, intakes to refineries reached new highs for the eighth consecutive year. Total crude oil intakes at all refineries averaged 832,000 barrels a day, 5 percent above the 1967 rate. Although no major refinery expansion project came on stream last year, crude processing was increased 50,000 barrels a day at the Norco, Louisiana, and Martinez, California, refineries by using two reserve distilling units. Also contributing to the high level of operations was the continued improvement in the performance of new facilities placed in operation in late 1966 and early 1967 at the Martinez and Norco refineries.

Pipelines Nearly all segments of the Company's 17,700-mile network of wholly owned and partially owned crude oil and products pipelines operated at capacity.

EXPANSION AND MODERNIZATION

Houston Refinery Another big step in the long-range plans to enlarge and improve manufacturing facilities was the start of an expansion project of over $100 million at the Houston Refinery. Construction is now under way, and completion of various units is scheduled for late 1970 and early 1971. The project will increase daily crude distilling capacity from 155,000 to 255,000 barrels, and make Houston the largest of the Company's eight refineries. The new facilities will include a 160,000-barrel-a-day crude distilling unit integrated with a vacuum flasher and naphtha hydrotreater, a Shell-designed, 25,000-barrel-a-day hydrocracker, like those at Norco and Martinez, and related units. The hydrocracker is a notable achievement of Shell research and technological expertise, as the catalyst was developed in the Emeryville, California, Research Center and the unit was designed by Shell personnel. The new units will not only increase the Company's capability for making automotive gasoline and aviation turbine fuel but will also produce feedstock for Shell Chemical Company's new olefins plant adjacent to the refinery. The latest equipment for controlling air and water pollution and abating noise will form a constituent part of the new facilities at a cost of some $4 million.

RATED CRUDE OIL CAPACITY —Barrels Daily

Refinery	1968
Anacortes	88,000
Ciniza	15,500
Houston	155,000
Martinez	88,300
Norco	220,000
Odessa	29,000
Wilmington	86,000
Wood River	194,000
Total	875,800

Wood River Refinery The multimillion dollar expansion project at the Wood River Refinery was slowed by a shortage of skilled labor and halted altogether for several months by problems related to jurisdictional disputes between construction labor unions. As a result, the project is now scheduled to be finished in 1970.

Crude Oil Pipelines Capline, the nation's largest crude oil pipeline, which runs 635 miles from St. James, Louisiana to Patoka, Illinois, and has a capacity at present of 428,000 barrels a day, began operations in August. Shell Pipe Line Corporation is the operator for the seven companies each having an undivided interest in Capline. Arrangements are being made to deliver crude oil from offshore Louisiana through Capline and other partially owned Shell lines to the Wood River Refinery.

Sizable projects were undertaken to provide more economical transportation of the growing offshore Louisiana crude oil production. Expansion of Shell Pipe Line's Delta system, which carries the oil to the Norco Refinery, to increase its capacity from 190,000 to 240,000 barrels a day will be completed this year. A 37-mile line connecting the Main Pass Block 290 field to the Delta system was completed last year.

In connection with Shell Pipe Line's largest expansion in a single year, microwave communications systems are being extended to provide remote supervisory control networks for efficient and economical operations. Some 575 miles of new systems will be installed, linking Houston with New Orleans, Wood River with Patoka, and Houston with Kilgore, Texas. These additions will give Shell approximately 4,750 miles of microwave systems.

Products Pipelines Several significant steps were taken last year to improve the distribution of Shell products in the Midwest. Capacity of the wholly owned 350-mile pipeline system between Wood River and Lima, Ohio, was expanded from 36,000 to 86,000 barrels a day by laying a 12-inch line parallel to the existing 8-inch line.

Shell also participated with six other oil companies in organizing the Explorer Pipe Line Company, which plans to construct a large-diameter common carrier products line from the Gulf Coast to the vicinity of Chicago. Shell expects to have about a 14-percent interest in this project, which is expected to be completed in 1971. With an initial design capacity of some 400,000 barrels a day, it will be the second largest products line in the country and provide pipeline transportation facilities for the movement of products from the Houston Refinery into the Midwest.

OTHER HIGHLIGHTS

Introduction of the Shell-branded line of tires announced in the 1967 Annual Report was delayed. Exacting road-testing was extended beyond original schedules to assure the desired Shell quality. Distribution of the full line of tires throughout all marketing areas is expected to be completed this year.

The Company began testing a neighborhood automotive service facility known as SHELLSHAPE* at four locations in Dayton, Ohio. The concept is to install in selected, qualified neighborhood Shell stations an electronically equipped automobile clinic capable of providing convenient and reliable vehicle check-up, diagnosis and repair. This innovation in automobile service will be considered for extension to other areas.

*Shell Service Mark

A products pipeline being built to serve growing Midwest markets.

Geismar Plant fractionating towers produce biodegradable detergent alcohols.

CHEMICAL

Shell's broadly based chemical enterprise, serving industry, agriculture and the general public, benefited from last year's buoyant economy. Shell Chemical became a half-billion dollar company as sales revenue rose to $513 million, 17 percent above the 1967 level. This record was achieved by adding facilities to make new products and by increasing the output of established products in growing markets.

Shell Chemical's extensive construction program was carried forward through capital expenditures for plants and equipment of $107 million last year. Gross investment in these facilities amounted to over $600 million by the end of 1968, of which about 40 percent was invested in the last 3 years.

BASIC CHEMICALS

Chemical "building blocks," such as ethylene, propylene and benzene, are used by Shell and other chemical companies to manufacture the intermediates and sophisticated end-products which contribute in many ways to the nation's health, comfort and well-being. Last year was the first full year of operations at the Norco ethylene/propylene facility, the newest and largest of Shell Chemical's olefins plants. A still larger olefins plant, capable of producing one billion pounds of ethylene a year, is under construction at Houston. Shell's integrated position permits sizable quantities of this production to be used internally.

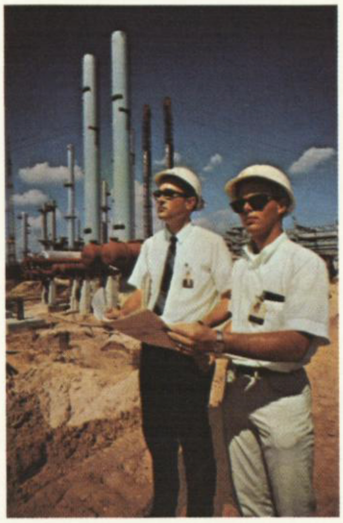
Shell Chemical is also a leading producer of aromatics—benzene, toluene and xylene. Revenues from these products were higher than in 1967 because of the larger volumes sold and despite depressed benzene prices. Completion of a second unit at Norco for making sulfolane, which is widely used in aromatics extraction, solidified Shell Chemical's position as the world's largest producer of this product.

AUTOMOTIVE MARKETS

The automotive industry is one of the largest final consumers of chemicals, primarily through its use of a wide range of products of other industries, such as tires, plastic parts and materials, coatings, and anti-freeze and permanent coolants. As a supplier to the manufacturers of these products, Shell Chemical benefited from the high rate of automotive production in 1968.

Sales of synthetic rubber, much of it for tires, showed good improvement last year, as did sales of styrene, a rubber and plastic intermediate. Shell's two basic synthetic rubbers, styrene-butadiene and polyisoprene, are available in a wide array of types to fill the great variety of rubber industry needs other than tires.

The automotive industry makes extensive use of coatings based on EPON® resins to give car bodies improved corrosion protection. These coatings are widely used in other industries where extra protection is required, as in refineries and chemical, pharmaceutical and food processing plants. Manufacturers of automobile finishes and other industrial coatings are also large users of solvents and many other chemicals made by Shell.



Engineers inspect construction of olefins unit at Houston Plant.

Shell's major plastic, polypropylene, is earning a preferred position in the automotive industry because of its light weight, handsome appearance, resistance to heat and ease of forming into complex shapes. Battery cases, heater ducting, glove compartments, steering wheels, interior panels, seat backs and rear deck shelves are a few of the many car parts now being made of polypropylene.

Chemicals are used as additives in fuels and lubricants to improve performance and help the refiner deliver products of highest quality to the consumer at the low prices the industry strives to maintain. Ethylene alkylate, for instance, which was available in larger quantities from the Norco complex last year, is used as a unique high-octane blending component in Super Shell gasoline. Also, large facilities for making ethylene oxide and its derivatives, including ethylene glycol for antifreeze, were completed last year at Geismar, Louisiana.

DETERGENT AND SPECIALTY ALCOHOLS

Detergent producers, consumers for years of large volumes of benzene, stepped up their demand last year for NEODOL® primary alcohols, which are among the market leaders used to make biologically soft detergents. This market success is founded on the Company's early awareness of the need for an improved product to eliminate detergent contamination of the nation's waterways and the technical competence which made the product available commercially. A new installation for production of NEODOL alcohols began operating last year at Geismar.

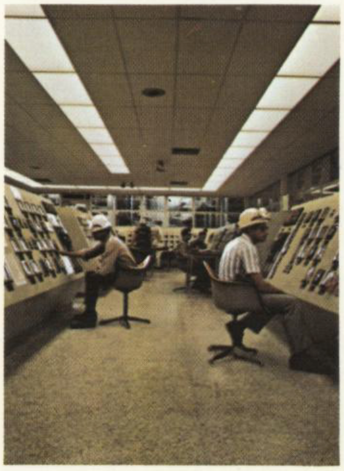
Products sold to other manufacturers of chemical specialties include alcohols and polyols used as ingredients in drugs and cosmetics. In light of the extremely exacting specifications of these customers, the Company's growing participation in these markets attests to the quality of Shell's products.

PLASTICS AND ALLIED PRODUCTS

Sales of plastics to fabricators of finished products reached new highs in 1968. Shell polypropylene and polystyrene gained increasing acceptance for such diverse end uses as carpeting, housewares, drinking straws (replacing paper), furniture (replacing wood), medical utensils, automobiles, appliances and closures. A large rise in the use of polypropylene to replace jute in carpet backing, bags and sacking was a major development in 1968. A new unit for making polystyrene was brought into production in the third quarter of 1968 at Marietta, Ohio.

Sales of EPON resins improved because of greater demand in the electrical, flooring and adhesive markets in addition to their growing use in coatings of many kinds.

Other plastics and resins producers are also consumers of a number of Shell Chemical intermediates, such as phenol, acetone, epichlorohydrin and styrene. Some other intermediates used in plasticizers are produced at Houston, where 2-ethyl hexanol facilities were expanded and a large unit was built to make NEOFLEX® straight chain alcohols. NEOFLEX alcohols, also a result of Shell research, are premium products used in the manufacture of vinyl plasticizers.



Operators monitor instrument consoles in plant control room.

The textile and clothing industries provide a sizable outlet for some newer products, as well as older ones like benzene for nylon intermediates and hydrogen peroxide for bleaching. Shipments of paraxylene, an intermediate used in the manufacture of polyester fiber, began from a new installation at Houston. The footwear industry is providing a growing market for the thermoplastic elastomers introduced two years ago.

Expanding markets for packaging materials helped sales of other products to rise in 1968. Revenue from sales of glycerine, which is used in large volumes in the manufacture of cellophane to make it less brittle, was substantially higher. Sales of polypropylene for film increased, and EPON resins achieved further market penetration in container linings. The packaging market also accounted for increases in sales of wax.

AGRICULTURE AND ANIMAL HEALTH

Shell Chemical's position as a supplier to agriculture improved still further, as revenues from agricultural sales again reached new highs through an expanded marketing organization. Shell products benefit farmers by increasing yields and protecting crops and animals from disease and insects. Highlights of the year included a marked expansion in the worldwide use of AZODRIN® insecticide on cotton, the successful test-marketing of GARDONA® insecticide in all the main apple-producing areas of the United States and the completion of a plant at Mobile, Alabama, to produce GARDONA. Construction of another facility at Mobile was initiated for the production of LANDRIN*, a new insecticide developed to control the corn root worm.

Demand for fertilizers continued to increase, and Shell Chemical's fertilizer plants operated at high rates throughout the year. However, new plants coming on stream have caused a temporary oversupply situation which depressed prices. Fertilizers in the form of concentrated water solutions were used in larger volumes by farmers because of their versatility and ease of handling. To supply more of this type of fertilizer in the Pacific Northwest, a new production unit is being built at St. Helens, Oregon.

In the animal health field, sales of ATGARD® and TASK® deworming medicines for swine and dogs made good gains. Two new products were introduced: EQUIGARD®, a deworming medicine for horses, and RABON* insecticide, which is used to control flies in dairy barns.

CONSUMER SPECIALTIES

The main Shell Chemical product purchased by the general public is the NO-PEST® insecticide strip, which effectively controls small flying insects. Sales continued to soar in the second year of nationwide distribution. Another consumer product, the Shell pet collar, which rids dogs and cats of fleas, also achieved a very large sales gain. The active insecticide in both these products is VAPONA®.

POLLUTION CONTROL

Shell Chemical's efforts and investments are not directed exclusively toward a near-term increase in sales and earnings. The Company fully recognizes its obligation to the communities where it operates and to the nation to assist in combating contamination of air and waterways. Sizable investments have been made over the years to control and prevent pollution of the environment at all plant locations. Projects begun last year included a $4 million secondary waste water treatment facility at the Houston Plant.

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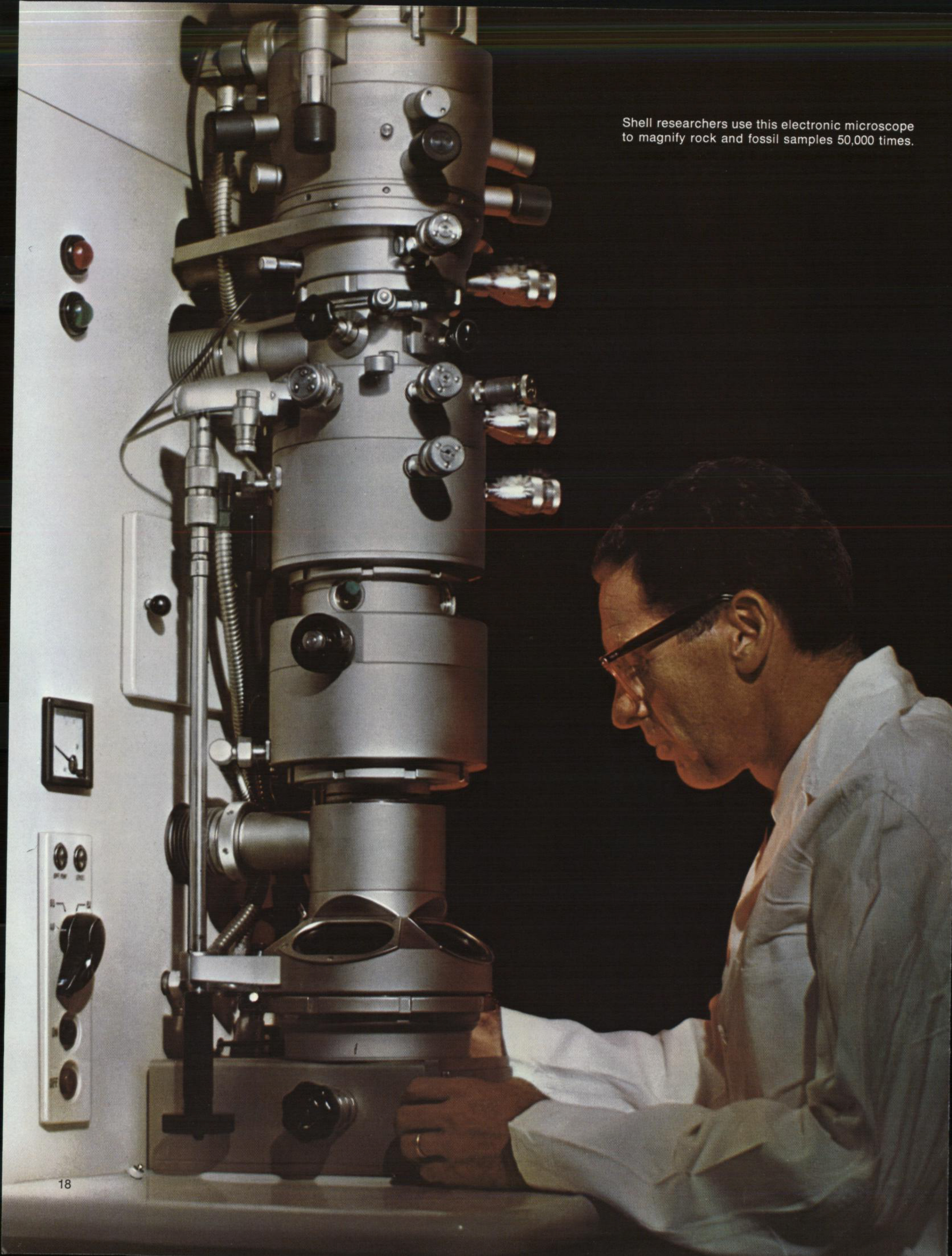
*Trademark Shell Oil Company



Shell researchers use this electronic microscope to magnify rock and fossil samples 50,000 times.

RESEARCH

During 1968, research conducted in Shell's twelve laboratories was in direct support of the commercial objectives of Exploration and Production, M-T-M and Chemical.

Several developments emanating from chemical research have come to commercial fruition during the year. NEOFLEX® alcohols used in premium vinyl plasticizers, and GARDONA® and LANDRIN*, two new insecticides, are outstanding examples. A new Chemical Engineering Research and Development organization was created to upgrade the performance of our manufacturing facilities.

From our oil product research and development came a number of new aviation and automotive lubricants. Research was continued to determine the best composition of our major fuel products and to find the most effective additives and best blending procedures.

Research on oil refining processes produced developments enabling existing refinery units to increase throughput capacity, reduce operating costs and improve the purity and performance characteristics of many products. These developments have been incorporated in designs of new units for the Houston Refinery expansion. We have continued our search for new processes for making improved fuels and lubricants, for more efficient use of by-products and for converting unconventional raw materials—coal, oil shale and tar sands—to useful oil products.

One achievement of our engineering research and development is a new, more efficient and substantially less costly application of cathodic protection of offshore platforms. Another is a flexibly hinged segmented pipe stinger, which is a pontoon consisting of separate segments connected by individual flexible hinges. On this pathway or pipeway, the completed pipeline leaves the construction barge and enters the water at the proper angle for descent to the ocean bottom (illustrated on page 2). The curvature of the stinger can be adjusted by varying the buoyancy of the segments. This minimizes costly construction delays in bad weather experienced with rigid stingers.

A laboratory technician using cathode luminescence to make a detailed study of rock properties.

Sometimes our inventions prove to be attractive material for licensing to others. One example is our process for the manufacture of ethylene oxide by the direct oxidation of ethylene with oxygen. This process is now used in the manufacture of a substantial part of the world's ethylene oxide requirements. Another example is the Sulfinol Process used widely to clean gas streams by removing acidic components. These streams occur in many plants and, untreated, may be a source of considerable contamination. The treatment can also prove profitable when considerable amounts of sulfur are recovered.

About 2,600 scientists, engineers and other employees were directly engaged in Shell research in 1968, about two-thirds of them in the three laboratories of Shell Development Company and the rest in the laboratories of Shell Oil, Shell Chemical and Shell Pipe Line.

The Company and a subsidiary of Shell Petroleum N. V. have continued an arrangement whereby each will perform for and exchange with the other research services related to petroleum technology, chemicals and other fields.

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*Trademark Shell Oil Company

STAFF SERVICES

INFORMATION AND COMPUTER SERVICES

For several years the Company has been energetically expanding the use of modern computing equipment and system analysis techniques to provide better information and data flow systems. Over 50 major basic business systems have been implemented to serve some of the information and accounting needs of both operating and staff organizations. These systems collect and store data about business activities throughout the Company and provide, through a systematic flow, the data base from which management at all levels obtains information in a more timely, economic and usable way.

To take advantage of improvements in equipment, the Company is completing conversion to "third generation" computers, which are faster and offer new performance potentials. A major step in this program was the installation of a large scientific computer at the Houston Data Service Center last year. It is accessible by remote control, using compatible terminals to read cards and print information. There will soon be 20 remote terminals at Shell locations around the country. This system is especially advantageous for large computing jobs that take a burdensome amount of time on smaller machines. It also eliminates much of the pre-processing work and manual card and paper handling required in the use of computers without remote-access capability.

Most of Shell's information processing, technical and scientific computing, and financial accounting for operating departments is performed in six multifunctional data service centers and in one specialized retail credit card data service center.

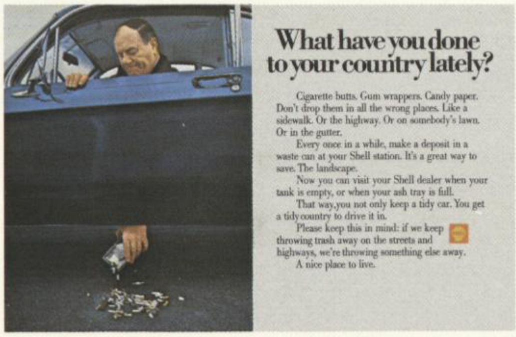
EMPLOYEE RELATIONS

This Organization, formerly known as Personnel and Industrial Relations, has been renamed Employee Relations to describe more broadly and meaningfully the services provided. Highlights of activities in Employee Relations included major changes in the employee benefits program, significant advances in the recruitment and training of members of minority groups, and increased efforts to utilize and develop professional staff more fully.

Changes in employee benefits included generally improved retirement provisions and new protection for widows of employees. Other liberalizations in the benefits program involved the Survivor Benefit Plan, the Group Life Insurance Program for pensioners, the Tuition Reimbursement Program, and the Hospital Surgical Medical Plan.

All operating organizations took significant steps to broaden the scope and increase the priority of recruiting and training minority group members. A senior executive was appointed to spend full time advising and assisting all facilities in the implementation of Shell's equal employment opportunity policy. Local "Affirmative Action Programs" were designed to seek, select and train minority group members for jobs in Shell facilities. In April, Shell joined the National Alliance of Businessmen, the aim of which is to improve job opportunities for hardcore unemployed and disadvantaged youths.

The national demand for new technical graduates continued at near record levels, with industry seeking about 50 percent more than were available. Shell's success in recruiting a large number of high-talent graduates equaled that of the previous year. During 1968, studies were made of external and internal factors likely to affect professional manpower in the next five to ten years when talent shortages are foreseen. The objective is to help assure that the Company will be properly staffed and that each individual will have opportunities to develop and utilize his abilities effectively in his interest and that of the Company.



What have you done to your country lately?

Cigarette butts. Gum wrappers. Candy paper. Don't drop them in all the wrong places. Like a sidewalk. Or the highway. Or on somebody's lawn. Or in the gutter.

Every once in a while, make a deposit in a waste can at your Shell station. It's a great way to save. The landscape.

Now you can visit your Shell dealer when your tank is empty, or when your ash tray is full.

That way,you not only keep a tidy car. You get a tidy country to drive it in.

Please keep this in mind: if we keep throwing trash away on the streets and highways, we're throwing something else away.

A nice place to live.

One of the advertisements in the 1968 institutional campaign related to environmental problems.

Employees at the end of 1968 numbered 39,080, an increase of 750 over the previous year, due mainly to the opening of several new facilities. The cost of wages, salaries and benefits was $461.3 million, $28.8 million more than in 1967. Retirements during the year totaled 711, bringing to 12,362 the number of those who have retired on pension since the Shell Pension Plan began in 1938.

Virtually all eligible employees were participating at year-end in the Shell Provident Fund, which provides an opportunity to accumulate savings until retirement and to which employees and the Company contribute. Eligible employees may direct that all or part of the Company's matching contributions be placed in the Shell Stock Fund for the purchase of Shell common stock. At the end of 1968, 16,014 employees participated in the Stock Fund, which during the year invested $20.9 million, representing 328,692 shares of stock. Of this total, 141,900 were bought on the market, 81,522 shares were subscribed for during the Company's stock offering in March, 100,000 were authorized but unissued shares purchased from the Company and 5,270 shares were transferred among individual accounts with the Stock Fund. At year-end, the Fiduciary held for Stock Fund members 1,748,749 shares, 2.6 percent of the number of shares outstanding at that time.

PUBLIC RELATIONS

The complex problems of our social and natural environment, particularly those plaguing our cities, are matters of increasing concern to the Company. The Company has been analyzing the factors in the urban crisis to determine where constructive action can be taken.

Several programs have already been undertaken with promising results. One, called APT for "Automotive Professional Training," is designed to make a meaningful contribution to urban schools through utilization of Shell's retail training experience. A pilot project in the Harlem area of New York City last year showed how a business approach can motivate young people to complete their high school education and increase their employment opportunities. Similar training programs for disadvantaged youth groups are being developed in a number of places. Individual employees are being encouraged to volunteer their time in participating in local education projects for disadvantaged groups and in programs for improving community planning.

Expression of the Company's concern with social and environmental matters, including street and highway beautification, was one of the objectives of an institutional advertising campaign introduced last spring. It consisted of 17 different advertisements printed in nine national magazines and in newspapers in cities where the Company's main plants and offices are located. The ads also showed the advantages of a Shell service station dealership and illustrated the responsible role of Shell men and women in their communities.

STATEMENT OF INCOME AND RETAINED EARNINGS

	YEAR 1968	YEAR 1967
Revenues		
Sales and other operating revenue	$3,972,264,000	$3,656,375,000
Dividends, interest and other income	35,466,000	16,435,000
	4,007,730,000	3,672,810,000
Costs and Expenses		
Purchased oils and chemicals	1,337,950,000	1,256,744,000
Costs and operating expenses	798,208,000	723,199,000
Selling, general and administrative expenses	370,096,000	354,449,000
Income, operating and consumer taxes	837,085,000	745,515,000
Depreciation, depletion, amortization and retirements, including dry holes	317,916,000	277,310,000
Interest on long term debt	34,384,000	30,744,000
	3,695,639,000	3,387,961,000
Net Income 1968—$4.72 and 1967—$4.66 per share based on weighted average shares outstanding of 66,051,804 and 61,082,922, respectively.	312,091,000	284,849,000
Retained Earnings at beginning of year	1,569,732,000	1,413,163,000
	1,881,823,000	1,698,012,000
Cash dividends paid: 1968—$2.30 and 1967—$2.10 per share	151,376,000	128,280,000
Retained Earnings at end of year	$1,730,447,000	$1,569,732,000

The notes on pages 24, 25 and 27 are an integral part of these statements.

Shell Oil Company and Subsidiary Companies

STATEMENT OF FINANCIAL CONDITION

ASSETS	DECEMBER 31, 1968	DECEMBER 31, 1967
Current Assets		
Cash	$ 29,022,000	$ 48,164,000
Short term securities	442,516,000	142,811,000
Receivables and prepayments	614,705,000	555,104,000
Owing by affiliated companies	8,180,000	10,609,000
Inventories of oils and chemicals	275,374,000	274,203,000
Materials and supplies	33,382,000	30,842,000
Total Current Assets	1,403,179,000	1,061,733,000
Investments, Long Term Receivables, Etc.	48,985,000	41,678,000
Properties, Plant and Equipment	2,777,832,000	2,556,610,000
	$4,229,996,000	$3,660,021,000
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current Liabilities		
Payables, accruals, etc.	$ 556,560,000	$ 482,387,000
Income, operating and consumer taxes	182,877,000	168,472,000
Owing to affiliated companies	15,018,000	8,674,000
Long term debt due within one year	2,589,000	2,000,000
Total Current Liabilities	757,044,000	661,533,000
Long Term Debt	713,241,000	718,721,000
Deferred Credits—Federal Income Taxes	221,766,000	212,427,000
Shareholders' Investment		
Common stock, authorized 80,000,000 shares, $1.00 par value, issued 1968—67,479,613 and 1967—61,197,888 shares at stated value	234,056,000	227,775,000
Amount in excess of common stock stated value	578,926,000	271,157,000
Retained earnings	1,730,447,000	1,569,732,000
	2,543,429,000	2,068,664,000
Less: 1968—93,885 and 1967—29,085 shares held in treasury, at cost	5,484,000	1,324,000
Total Shareholders' Investment	2,537,945,000	2,067,340,000
	$4,229,996,000	$3,660,021,000

The notes on pages 24, 25 and 27 are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies

The financial statements include the accounts of Shell Oil Company and all its wholly owned subsidiary companies. The investment in Butte Pipe Line Company, a 51% owned subsidiary, is carried at equity in the underlying net assets. Investments in less than majority owned companies are carried at cost with dividends recorded in income as received; the excess of underlying equity in such companies over investment cost at December 31, 1968 was not material.

Short term securities are carried at cost which approximates market. Inventories of oils and chemicals are carried at the lower of market or of the average cost resulting from charging to costs the highest of inventory carrying value, current cost of production, or purchases. Materials and supplies inventories are carried at average cost or less.

Depreciation, depletion and amortization of the capital cost of producing properties, both intangible and tangible, are provided for on a unit of production basis over the estimated recoverable oil and gas reserves. Intangible expenditures applicable to dry holes are charged to income currently. Other plant and equipment are depreciated on a straight line basis over their estimated useful lives. Based upon experience of the Company, nonproducing leasehold costs are amortized from the date of acquisition to provide for future surrenders.

Major renewals and betterments are charged to the property accounts, while minor renewals and betterments, as well as maintenance and repairs, are charged to costs or expenses, as incurred. At the time properties are retired, or otherwise disposed of, the cost thereof together with related accumulated provisions are cleared from the appropriate accounts, and any profit or loss is credited or charged to income; however, on partial retirements the asset cost is charged against the accumulated provision.

Proceeds from sales of future oil and gas production (carved-out production payments) are deferred and taken into income as production occurs. Geological and geophysical expenses and delay rentals paid to retain mineral rights are charged against income as incurred.

The income tax effect of timing differences between financial and taxable income, including that due to the income tax deduction of intangible development expenditures as incurred, is included as deferred federal income taxes in the provision against income. Investment tax credits currently realized are applied to reduce the current provision for federal income taxes.

2. General

The Company and its subsidiaries continued in 1968 to have transactions, including the purchase, sale, and transportation of crude oil, petroleum and chemical products in the ordinary course of business, with subsidiaries of Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, Limited, parent companies of Shell Oil Company.

Deferred federal income tax provisions for 1967, previously included with related revenue and expense items, have been reclassified to income tax expense in conformance with accounting principles established in 1968 by the American Institute of Certified Public Accountants. Correspondingly, deferred federal income tax balances at December 31, 1967, have been reclassified to current prepayments and to non-current deferred credits.

3. Income, Operating and Consumer Taxes

	1968	1967
Consumer Taxes		
Excise and sales taxes on products sold	$655,190,000	$584,580,000
Operating Taxes		
Real and personal property	47,290,000	42,768,000
Oil and gas production ...	30,601,000	30,257,000
Social security	14,345,000	12,330,000
Other	15,155,000	14,129,000
	107,391,000	99,484,000
Income Taxes		
Federal and other		
Current	75,676,000	57,173,000
Deferred	(1,172,000)	4,278,000
	74,504,000	61,451,000
	$837,085,000	$745,515,000

4. Shell Pension Plan and Shell Provident Fund

The Shell Pension Plan covers the regular full-time employees of the Company and its principal subsidiary, Shell Pipe Line Corporation. During 1968 the Plan was amended to provide additional benefits for those eligible thereunder. At the same time the actuarial assumptions were changed and the period of amortizing prior service cost was increased to thirty years. The net effect of the changes on the year's income was not material. The 1968 pension expense under this Plan, covering current and prior service, was $21,393,000. The Company's policy is to fund pension cost charged against income.

The Shell Provident Fund is a plan whereby every regular employee of the Company and its principal subsidiary may systematically save a permissible percentage of his salary or wages with a like contribution by the employing company for investment by the Fund. Eligible participants can direct that all or part of their employing company's current contributions be invested in the common stock of Shell Oil Company. In 1968, company contributions to the Fund totaled $25,734,000 which was charged against income.

5. Receivables and Prepayments

The receivables amounted to $539,950,000 at December 31, 1968 and $487,817,000 at December 31, 1967, after deducting allowance for doubtful accounts of $10,228,000 and $11,485,000 respectively.

Prepayments included $39,512,000 at December 31, 1968 and $29,001,000 at December 31, 1967 for deferred federal income taxes.

6. Properties, Plant and Equipment

	Cost	Accumulated Depreciation Etc.	Net
	(Thousands of Dollars)		
Production properties	$2,660,343	$1,298,618	$1,361,725
Oil refineries	968,248	510,817	457,431
Chemical plants	609,261	280,820	328,441
Marketing facilities ..	626,778	202,979	423,799
Pipelines and other transportation facilities	316,264	160,199	156,065
Miscellaneous facilities	91,277	40,906	50,371
Total Dec. 31, 1968 ..	$5,272,171	$2,494,339	$2,777,832
Total Dec. 31, 1967 ..	$4,880,908	$2,324,298	$2,556,610

7. Long Term Debt

	Dec. 31, 1968
Shell Oil Company	
Twenty-five Year 2½% Debentures, due 1971, after deducting $4,411,000 of debentures held in treasury	$ 38,013,000
4⅝% Sinking Fund Debentures Due 1986, after deducting $5,058,000 of debentures held in treasury	184,942,000
4½% Notes due 1990	150,000,000
5% Debentures Due 1991................	150,000,000
5.30% Debentures Due 1992	150,000,000
Shell Pipe Line Corporation	
4.50% note payable to bank due in 1969—to be refinanced	8,000,000
Term loans, at interest approximating prime bank rate, due in 1969—to be refinanced.	34,875,000
	715,830,000
Less amounts included in Current Liabilities as due within one year	2,589,000
	$713,241,000

Of the foregoing long term debt due after one year, $14,942,000 will be due in 1970, $47,424,000 in 1971, $25,000,000 in 1972, and $25,000,000 in 1973.

8. Incentive Stock Option Plans

At December 31, 1968, 319,000 shares of the Company's authorized but unissued common stock were reserved under the Plans, adopted in 1956 and in 1965, for sale to key employees, including executives. Prior to August 22, 1963, options were granted for terms not exceeding ten years at not less than 95% of the fair market value at the date of grant. Commencing August 22, 1963, options have been granted for terms not exceeding five years at not less than 100% of the fair market value at the date of grant. Generally, such options may not be exercised within eighteen months of the date of grant. Options granted after August 21, 1963, are by their terms not exercisable until after certain earlier options have been exercised or the time for their exercise has expired, as provided in the Internal Revenue Code of 1954, as amended, with respect to qualified stock options.

Changes during 1968 in options outstanding were as follows:

	Shares Under Option	
	1956 Plan	1965 Plan
Outstanding January 1, 1968 (of which 164,900 were exercisable)	81,300	140,600
Granted at average price of $66.21 per share	—	38,000
Expired	—	(5,000)
Exercised at average price of $42.34 per share	(50,300)	(4,200)
Outstanding December 31, 1968 (of which 154,400 were exercisable)	31,000	169,400

The 1956 Plan was terminated in 1965 without affecting outstanding options. Under the 1965 Plan the number of shares available for future options amounted to 151,600 at January 1 and 118,600 at December 31, 1968.

9. Shareholders' Investment

The amount in excess of common stock stated value was increased as follows during 1968:

Sale of 6,123,985 shares of common stock under rights offering to shareholders	$298,291,000
Sale of 100,000 shares of common stock to Shell Provident Fund	6,688,000
Sale of 54,500 shares of common stock to option holders upon exercise of options under the incentive stock option plans ...	2,253,000
Issuance to key employees of 3,240 shares of common stock as part of the incentive compensation award payment for the year 1967	207,000
Transfer of shares of treasury stock for acquisitions	330,000
	$307,769,000

Shell makes extensive use of electronic computing equipment.

Common stock was increased by $6,281,000 in 1968 as the result of the sale and issuance of the foregoing shares.

10. Commitments and Contingent Liabilities

At December 31, 1968, Shell Oil Company and subsidiary companies had noncancellable leases and other contractual commitments with an average unexpired life of approximately 6 years covering service stations, office space, tankers and other facilities. For the year 1969, the minimum amounts payable (without reduction for related rental income) under such commitments having a remaining life of over one year are estimated at $65,000,000.

Shell Oil Company might be required under certain conditions to make payments under guaranty and other contractual arrangements entered into in connection with pipelines and other facilities used for handling the Company's products. At December 31, 1968, the contingent liability under such arrangements did not exceed $1,900,000 applicable to 1969 and a total of $39,200,000 for years subsequent thereto.

None of the companies had any commitments or contingent liabilities which, in the judgment of the Management, would result in losses which would materially affect their financial positions.

SOURCE AND DISPOSITION OF FUNDS

	1968	1967
	(MILLIONS)	
Source of Funds		
Net income	$312.1	$284.8
Depreciation, depletion, amortization and retirements	273.1	233.1
Dry hole costs (included in capital expenditures)	44.8	44.2
Deferred credits—federal income taxes (related to write-offs)	9.3	7.7
TOTAL FUNDS PROVIDED FROM OPERATIONS	639.3	569.8
Company shares sold less shares acquired	309.9	12.8
Property sales, salvage, etc. (net)	15.0	25.6
Net increase in long term debt	—	165.6
TOTAL	$964.2	$773.8
Disposition of Funds		
Capital expenditures including dry hole costs	$554.1	$618.9
Dividends paid	151.4	128.3
Net decrease in long term debt	5.5	—
Other items (net)	7.3	1.5
Working capital increase	245.9	25.1
TOTAL	$964.2	$773.8

OPINION OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS OF SHELL OIL COMPANY:

In our opinion, the accompanying statement of financial condition, the related statement of income and retained earnings, and the statement of source and disposition of funds as shown above, present fairly the financial position of Shell Oil Company and consolidated subsidiary companies at December 31, 1968, the results of their operations and the supplementary information on funds for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

60 Broad Street
New York, N. Y. 10004
February 14, 1969

PRICE WATERHOUSE & CO.

TEN YEAR REVIEW OF FINANCIAL DATA

(dollars in thousands except per share amounts)

		1968
Income and Dividends	Net income	$ 312,091
	Net income per share*	$ 4.72
	Cash dividends	$ 151,376
	Cash dividends per share	$ 2.30
	Funds provided from operations	$ 639,346
Revenues	Sales and other operating revenue	
	Refined products	$1,968,520
	Chemical products	$ 512,800
	Natural gas	$ 128,130
	Crude oil	$ 617,783
	Other operating revenue†	$ 89,841
	Consumer excise and sales taxes	$ 655,190
	TOTAL	$3,972,264
	Dividends, interest and other income	$ 35,466
	TOTAL REVENUES	$4,007,730
Costs and Expenses	Income and operating taxes†	$ 181,895
	Depreciation, depletion, amortization and retirements, including dry holes†	$ 317,916
	Salaries, wages and employee benefits	
	Salaries and wages	$ 348,749
	Employee benefits (including vacation, holiday and sick pay)	$ 112,510
	TOTAL	$ 461,259
	Number of employees at year end	39,080
Financial Condition at Year End	Current assets†	$1,403,179
	Current liabilities†	$ 757,044
	WORKING CAPITAL	$ 646,135
	Properties, plant and equipment	$5,272,171
	Accumulated depreciation, depletion and amortization†	$2,494,339
	NET PROPERTIES, PLANT AND EQUIPMENT	$2,777,832
	Total Assets†	$4,229,996
	Long term debt	$ 713,241
	Shareholders' investment	$2,537,945
	Shares outstanding (thousands)	67,386
	Number of shareholders	28,591
Capital Expenditures	Drilling and production (including dry holes)	$ 281,442
	Oil refineries	$ 41,519
	Chemical plants	$ 107,338
	Marketing facilities	$ 76,529
	Pipelines and other transportation facilities	$ 34,354
	Miscellaneous facilities	$ 12,890
	TOTAL	$ 554,072
Exploration and Production Expenditures	Oil and gas leases	$ 51,834
	Producing wells and equipment	$ 176,358
	Natural gas processing plants	$ 8,397
	Dry holes	$ 44,853
	Geological, geophysical and land expenses	$ 78,419
	Lease rentals	$ 9,892
	TOTAL	$ 369,753

Per weighted average share outstanding each year.

***In addition, one Class "A" Common Share of Shell Canada Limited was distributed for each five shares of Common Stock of the Company.*

Shell Oil Company and Subsidiary Companies

1967	1966	1965	1964	1963	1962	1961	1960	1959
284,849	255,200	234,031	198,190	179,852	157,675	140,358	144,588	147,418
4.66	4.19	3.85	3.27	2.97	2.60	2.32	2.39	2.43
128,280	115,731	103,194	90,798	78,658	66,636	66,636	66,631	62,088
2.10	1.90	1.70	1.50	1.30	1.10**	1.10	1.10	1.02½
569,835	521,704	487,446	437,508	401,523	359,058	334,212	345,608	342,807
,848,429	1,732,104	1,578,006	1,422,978	1,320,023	1,231,890	1,155,947	1,125,819	1,118,157
437,086	400,676	355,359	319,693	295,234	272,151	262,521	271,560	265,011
135,906	121,250	104,476	95,653	86,392	74,643	75,378	70,245	48,118
588,393	513,718	497,323	469,468	414,131	367,260	368,066	345,202	358,612
61,981	46,891	24,876	20,860	14,286	20,714	9,637	15,372	14,301
584,580	559,888	529,668	491,464	434,043	390,438	357,351	340,000	320,005
,656,375	3,374,527	3,089,708	2,820,116	2,564,109	2,357,096	2,228,900	2,168,198	2,124,204
16,435	16,348	13,041	11,169	11,943	8,959	8,978	10,650	10,001
,672,810	3,390,875	3,102,749	2,831,285	2,576,052	2,366,055	2,237,878	2,178,848	2,134.205
160,935	156,054	143,180	109,859	119,019	101,922	87,095	93,646	94,563
277,310	251,011	229,216	219,013	209,356	191,428	183,162	201,141	194,020
326,819	296,987	270,659	259,696	245,738	244,200	266,053	258,774	255,211
105,643	97,607	89,734	82,834	81,645	80,767	86,099	87,488	86,356
432,462	394,594	360,393	342,530	327,383	324,967	352,152	346,262	341,567
38,330	37,058	34,548	33,578	32,191	33,908	35,586	38,290	38,217
,061,733	984,364	891,608	785,589	806,371	678,932	697,969	604,557	613,595
661,533	609,252	521,146	432,643	370,648	310,852	319,075	287,664	314,476
400,200	375,112	370,462	352,946	435,723	368,080	378,894	316,893	299,119
,880,908	4,485,981	4,092,720	3,704,588	3,403.284	3,261,080	3,092,547	2,912,786	2,713,970
,324,298	2,237,048	2,136,993	2,044,043	1,948,392	1,838,859	1,754,635	1,655,696	1,535,140
,556,610	2,248,933	1,955,727	1,660,545	1,454,892	1,422,221	1,337,912	1,257,090	1,178,830
,660,021	3,273,449	2,885,137	2,486,169	2,300,196	2,139,146	2,222,251	2,010,929	1,893,381
718,721	553,107	415,535	267,424	273,219	283,123	295,239	200,002	133,478
,067,340	1,897,934	1,750,793	1,612,638	1,503,179	1,404,327	1,477,048	1,403,066	1,325,109
61,169	60,958	60,753	60,561	60,496	60,548	60,580	60,573	60,573
25,963	24,566	23,917	23,669	23,070	22,183	20,403	20,018	19,730
343,637	252,740	253,812	253,401	180,058	214,281	179,685	199,979	207,345
61,612	113,551	122,165	78,296	25,596	11,787	17,312	26,800	24,516
59,144	75,592	43,518	25,903	8,221	20,671	39,795	18,014	21,268
111,315	96,623	81,248	43,605	28,108	27,105	24,777	29,726	18,518
35,202	14,824	22,854	21,492	4,680	4,076	5,617	6,589	5,347
7,977	10,645	7,064	9,254	5,407	4,834	2,728	2,933	3,079
618,887	563,975	530,661	431,951	252,070	282,754	269,914	284,041	280,073
117,139	15,418	41,609	41,933	40,970	85,250	34,352	66,065	68,811
174,883	172,871	152,262	151,853	96,415	91,492	112,158	102,601	100,239
7,379	11,657	11,273	9,093	3,951	3,874	9,380	2,340	7,007
44,236	52,794	48,668	50,522	38,722	33,665	23,795	28,973	31,288
74,665	65,603	63,856	61,381	59,573	56,201	62,831	60,345	55,587
10,022	11,390	10,452	14,385	13,012	12,061	10,454	9,488	9,096
428,324	329,733	328,120	329,167	252,643	282,543	252,970	269,812	272,028

†Restated for years 1959 to 1967 inclusive—see Note 2 of Notes to Financial Statements.
††See page 9 for effect of refunds ordered by Federal Power Commission.

TEN YEAR REVIEW OF OPERATING DATA
(barrels daily in thousands)

		1968
Exploration and Drilling	Net acreage (in thousands)	
	Producing	854
	Non-producing	14,182
	TOTAL	15,036
	Net wells drilled	
	Exploratory—oil and gas	17
	dry holes	122
	Development—oil and gas	569
	dry holes	80
	TOTAL	788
	Net oil and gas wells producing or capable of producing	14,421
Production	Crude oil and natural gas liquids produced (barrels daily)	
	Gross	607
	Net	
	California	80
	Louisiana	250
	Montana	20
	New Mexico	14
	Oklahoma	13
	Texas	123
	Other	32
	TOTAL	532
	Natural gas liquids produced (incl. in above) (barrels daily)	58
	Gross natural gas produced (million cubic feet daily)	2,636
	Net natural gas produced (million cubic feet daily)	2,201
	Crude oil purchased (barrels daily)	910
	Crude oil sold (barrels daily)	577
Manufacturing	Refinery crude intakes (barrels daily)	
	Anacortes	88
	Houston	155
	Martinez	70
	Norco	189
	Odessa/Ciniza	41
	Wilmington	91
	Wood River	198
	TOTAL	832
	Refined products manufactured (barrels daily)	
	Gasolines	439
	Distillates	240
	Residuals	87
	All other products	108
	TOTAL	874
Transportation	Trunk pipeline mileage—crude oil (incl. partially-owned)	6,938
	Trunk pipeline mileage—products (incl. partially-owned)	8,453
	Crude oil transported by pipelines (million barrel miles)	108,382
	Products transported by pipelines (million barrel miles)	39,718
Marketing	Refined products sold (barrels daily)	
	Gasolines	491
	Distillates	289
	Residuals	91
	All other products	95
	TOTAL	966
	Natural gas sold (million cubic feet daily)	2,315
	Bulk distributing plants (leased and owned)	591
	Retail outlets (leased and owned)	11,400
	Retail outlets (other)	11,700

Shell Oil Company and Subsidiary Companies

967	1966	1965	1964	1963	1962	1961	1960	1959
855	897	860	844	723	695	656	599	552
0,918	9,983	11,405	14,702	15,066	14,619	14,164	13,395	12,509
1,773	10,880	12,265	15,546	15,789	15,314	14,820	13,994	13,061
27	39	35	52	32	16	27	36	40
109	122	104	142	108	85	72	101	127
541	534	413	732	479	505	607	589	612
54	77	126	83	88	102	75	80	65
731	772	678	1,009	707	708	781	806	844
4,727	14,594	14,670	14,699	14,152	13,549	13,077	12,096	11,825
589	543	493	466	452	430	415	404	398
72	69	65	64	63	65	72	77	81
240	208	187	170	156	141	122	113	98
22	22	21	23	23	21	21	20	17
14	16	15	13	13	13	14	16	18
14	15	15	15	15	15	14	15	15
121	113	101	95	93	88	84	80	82
31	31	27	27	31	32	36	33	37
514	474	431	407	394	375	363	354	348
54	52	47	42	42	38	35	34	32
2,453	2,180	1,926	1,821	1,656	1,516	1,310	1,231	983
2,046	1,834	1,626	1,559	1,413	1,299	1,129	1,064	853
875	797	789	753	677	608	599	543	534
561	505	493	459	408	363	369	347	357
81	76	71	69	54	55	46	44	42
150	144	142	138	143	119	114	107	111
64	36	36	40	42	42	35	39	38
174	152	137	120	115	115	108	103	100
38	38	35	25					
87	87	88	87	84	77	71	70	69
201	200	191	191	193	161	181	172	155
795	733	700	670	631	569	555	535	515
409	365	350	333	308	281	283	276	271
229	222	213	196	193	174	160	140	129
74	64	70	71	69	61	58	58	62
112	107	101	97	84	71	78	80	68
824	758	734	697	654	587	579	554	530
6,457	6,432	6,460	6,421	6,128	6,054	5,984	5,988	6,081
7,781	7,821	7,361	7,040	6,302	6,145	4,998	4,725	4,720
09,951	104,715	100,770	98,837	96,836	83,962	94,213	90,632	86,368
39,086	35,239	31,434	26,943	26,033	23,851	21,730	21,215	20,795
454	424	394	370	335	314	293	279	286
285	267	254	227	212	199	171	150	135
89	83	89	83	80	68	66	68	64
93	98	93	84	78	70	67	67	65
921	872	830	764	705	651	597	564	550
2,122	1,897	1,661	1,565	1,429	1,335	1,184	1,109	942
624	707	703	701	699	737	744	771	773
11,600	11,700	11,500	11,300	10,700	10,300	9,900	9,500	9,000
12,100	12,300	13,100	13,000	12,800	12,900	13,300	13,400	14,200

BOARD OF DIRECTORS

MONROE E. SPAGHT*	*Chairman A Managing Director, Royal Dutch Petroleum Company*
R. C. McCURDY*	*President and Chief Executive Officer*
D. H. BARRAN	*A Managing Director, The "Shell" Transport and Trading Company, Limited*
WILLIAM BLACKIE	*Chairman of the Board and Chief Executive Officer, Caterpillar Tractor Co.*
L. E. J. BROUWER	*President, Royal Dutch Petroleum Company*
E. G. CHRISTIANSON*	*Executive Vice President*
CHARLES de BRETTEVILLE	*Chairman of the Board, President and Chief Executive Officer, The Bank of California National Association*
WILLIAM P. GWINN	*Chairman and Chief Executive Officer of United Aircraft Corporation*
R. M. HART	*Executive Vice President*
D. B. KEMBALL-COOK*	*Executive Vice President and Chief Operating Officer*
S. M. McASHAN, Jr.	*Chairman of the Board, Anderson, Clayton & Co.*
HAROLD F. McGUIRE*	*Partner of Wickes, Riddell, Bloomer, Jacobi & McGuire*
E. CHESTER PEET	*Member of the Governing Committee of the U. S. Philips Trust*
J. B. ST. CLAIR	*President, Shell Chemical Company*
J. E. WALLACE STERLING	*Chancellor, Stanford University*

**Member of the Executive Committee*

EMERITUS DIRECTOR

JAMES H. DOOLITTLE

OFFICERS

R. C. McCURDY	*President*
D. B. KEMBALL-COOK	*Executive Vice President and Chief Operating Officer*
E. G. CHRISTIANSON	*Executive Vice President*
R. M. HART	*Executive Vice President*
MONROE E. SPAGHT	*Chairman of the Executive Committee*

VICE PRESIDENTS

Exploration and Production

R. L. FERRIS	*Production*
R. E. McADAMS	*Exploration*
G. C. BANKSTON	*Southwestern Region*
J. F. BOOKOUT	*Southeastern Region*
G. A. BURTON	*Pacific Coast Area*
J. E. WILSON	*Denver Area*

Manufacturing

H. E. WALKER

Marketing

M. B. HOLDGRAF	
E. F. LOVELAND	*Central Marketing Region*
E. F. McGEE	*Western Marketing Region*
F. H. STAUB	*Eastern Marketing Region*
C. L. TOWERS	*Southern Marketing Region*

Financial

J. A. HORNER

Legal

W. F. KENNEY

Employee Relations

A. C. HOGGE

Public Relations

C. A. FOSTER, Jr.

Purchasing

G. W. HULDRUM, Jr.

W. W. WESTERFIELD, Jr.	*Secretary*
R. H. RICHARDS	*Controller*
G. S. WOLBERT, Jr.	*Treasurer*

SHELL CHEMICAL COMPANY

a Division of Shell Oil Company

J. B. ST. CLAIR	*President*
J. P. CUNNINGHAM	*Vice President*
J. W. HYDE	*Vice President*
C. L. RAYMOND	*Vice President*

SHELL DEVELOPMENT COMPANY

a Division of Shell Oil Company

T. BARON	*President*
S. A. BALLARD	*Vice President*
A. J. JOHNSON	*Vice President*
R. H. NANZ	*Vice President*
N. D. SMITH, Jr.	*Vice President*

SHELL PIPE LINE CORPORATION

J. E. GREEN	*President*
J. K. SPANGLER	*Treasurer*
W. J. WILLIAMSON	*Secretary*

DIRECTORATE AND EXECUTIVE

Dr. J. E. Wallace Sterling, formerly President and now lifetime Chancellor of Stanford University, was elected a Director.

A number of changes in the management of the Company took place in 1968.

D. B. Kemball-Cook, Executive Vice President and a Director, was elected to the new position of Executive Vice President and Chief Operating Officer.

R. M. Hart, Vice President Transportation and Supplies, was elected a Director and Executive Vice President, with responsibility for Marketing, Transportation and Supplies, and Manufacturing.

Your Directors record with deep sadness the deaths of two officers: P. C. Thomas, Vice President Marketing, who was succeeded by M. B. Holdgraf, formerly Vice President and General Manager Wholesale Marketing, and B. P. Eastin, Vice President Production, who was succeeded by R. L. Ferris, who was on special assignment in the Exploration and Production Organization.

Four other officers retired:

E. A. Hugill, Jr., Vice President Public and Shareholder Relations and Corporate Secretary, retired after 35 years of service. Replacing him were C. A. Foster, Jr., formerly Vice President Western Marketing Region, who was named Vice President Public Relations, and W. W. Westerfield, Jr., a General Attorney in the Head Office Legal Organization, who was elected Corporate Secretary. Mr. Foster was succeeded by E. F. McGee, formerly General Manager Wholesale Marketing.

J. C. Quilty, Vice President Personnel and Industrial Relations, retired after 34 years of service. His successor is A. C. Hogge, formerly General Manager Personnel and Industrial Relations.

C. P. Bristol, Vice President Midland Exploration and Production Area, retired after 38 years of service.

In Shell Chemical Company, W. Q. Mooney, Vice President, retired after 39 years of Shell service.

Other Executive changes during the year were:

In Shell Pipe Line Corporation, J. E. Green, General Manager, Technology and Operations, was elected President, succeeding J. H. Pittinger, who resigned.

E. F. Loveland, Manager Public Relations, was elected Vice President Central Marketing Region.

G. S. Wolbert, Jr., General Tax Manager, was elected Treasurer, succeeding M. E. Robinson, who was appointed General Manager, Synthetic Rubber Division of Shell Chemical Company.

TRANSFER AGENTS

IRVING TRUST COMPANY
1 Wall Street, New York, N. Y. 10015

THE BANK OF CALIFORNIA NATIONAL ASSOCIATION
400 California Street, San Francisco, Calif. 94120

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
231 South LaSalle Street, Chicago, Ill. 60690

Notice of change of shareholder's address should be sent to one of the above transfer agents.

REGISTRARS

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
30 West Broadway, New York, N. Y. 10015

CROCKER-CITIZENS NATIONAL BANK
79 New Montgomery Street, San Francisco, Calif. 94105

HARRIS TRUST AND SAVINGS BANK
111 West Monroe Street, Chicago, Ill. 60690

OFFICE OR PLANT	LOCATION	FUNCTION OR MAIN PRODUCTS
Industrial Chemicals Division	New York, New York	Administration and marketing
Houston Plant	Deer Park, Texas	Glycerine, Methyl Ethyl Ketone, Acetone, Ethyl Alcohol
Norco Plant	Norco, Louisiana	Glycerine, Hydrogen Peroxide, Methyl Ethyl Ketone, Sulfolane
Martinez Plant	Martinez, California	IONOL®, Ethyl Amyl Ketone, Tertiary Butyl Alcohol
Dominguez Plant	Wilmington, California	Isopropyl Alcohol, Acetone, Methyl Isobutyl Ketone
Geismar Plant	Geismar, Louisiana	Detergent Alcohols and Derivatives, Ethylene Oxide and Derivatives
Petrochemicals Division	New York, New York	Administration and marketing of aromatics, olefins, solvents and naphthas, waxes, and process oils manufactured at refineries
Plastics and Resins Division	New York, New York	Administration and marketing
Houston Plant	Deer Park, Texas	Phenol, Bisphenol-A, EPON® Resin and Related Products
Marietta Plant	Belpre, Ohio	Polystyrene
Woodbury Plant	Woodbury, New Jersey	Polypropylene
Synthetic Rubber Division	New York, New York	Administration and marketing
Marietta Plant	Belpre, Ohio	Polyisoprene in solid and latex form
Torrance Plant	Torrance, California	SBR in solid and latex form, KRATON® (Thermoplastic Elastomers), and Monomers—Styrene, Butadiene and Intermediates
Houston Research Laboratory	Deer Park, Texas	Manufacturing support and process improvement in industrial chemicals
Union Research Laboratory	Union, New Jersey	Marketing technical service and applications research, research and development in resins, and resins technical service
Woodbury Research Laboratory	Woodbury, New Jersey	Research and development in plastics, marketing and manufacturing support, plastics technical service
Synthetic Rubber Technical Center	Torrance, California	Synthetic rubber research and technical support

SHELL DEVELOPMENT COMPANY HEAD OFFICE, New York, N. Y.

Emeryville Research Center	Emeryville, California	Research on new chemical and oil products and processes; research in general science and engineering
Exploration and Production Research Center	Houston, Texas	Research on petroleum exploration and production
Biological Sciences Research Center	Modesto, California	Research on new chemicals for agriculture, health and nutrition

SHELL PIPE LINE CORPORATION HEAD OFFICE, Houston, Texas

Four Corners Division	Compton, California	Administration and operation of crude oil pipelines
Northern Division	Centralia, Illinois	
Oklahoma Division	Cushing, Oklahoma	
Rocky Mountain Division	Denver, Colorado	
Southern Division	New Orleans, Louisiana	
Texas Gulf Division	Houston, Texas	
West Texas Division	Midland, Texas	
Research and Development Laboratory	Houston, Texas	Pipeline Research

SHELL OIL COMPANY HEAD OFFICE, New York, N. Y.

EXPLORATION AND PRODUCTION ORGANIZATION

OFFICE OR PLANT	LOCATION	FUNCTION OR MAIN PRODUCTS
Denver Area	Denver, Colorado	Oil and Gas Exploration & Production
Pacific Coast Area	Los Angeles, California	
Southeastern Region	New Orleans, Louisiana	
Southwestern Region	Houston, Texas	
Buccaneer Gas Plant	Freeport, Texas	Natural Gas Liquids
Elk City Gas Plant	Elk City, Oklahoma	
Houston Central Gas Plant	Sheridan, Texas	
North Terrebonne Gas Plant	Gibson, Louisiana	
Tebone Gas Plant	Geismar, Louisiana	
TXL Gas Plant	Notrees, Texas	
Ventura Gas Plant	Ventura, California	
Wasson Gas Plant	Denver City, Texas	
Yscloskey Gas Plant	St. Bernard, Louisiana	

MARKETING ORGANIZATION

Central Marketing Region	Chicago, Illinois	Refined Products Sales and Service
Eastern Marketing Region	Scarsdale, New York	
Southern Marketing Region	Atlanta, Georgia	
Western Marketing Region	San Francisco, California	

MANUFACTURING ORGANIZATION

Anacortes Refinery	Anacortes, Washington	Refining crude oil for the manufacture of gasoline, jet fuel, home heating oil, lubricating oils, greases, asphalts, petrochemical feedstocks and finished petrochemicals
Ciniza Refinery	Gallup, New Mexico	
Houston Refinery	Deer Park, Texas	
Martinez Refinery	Martinez, California	
Norco Refinery	Norco, Louisiana	
Odessa Refinery	Odessa, Texas	
Wilmington Refinery	Wilmington, California	
Wood River Refinery	Wood River, Illinois	
Houston Research Laboratory	Deer Park, Texas	Product and process research and development
Wood River Research Laboratory	Wood River, Illinois	

TRANSPORTATION AND SUPPLIES

Houston Office	Houston, Texas	Transportation and Supplies Operations
Los Angeles Office	Los Angeles, California	
Products Pipelines General Field Office	Indianapolis, Indiana	Administration and operation of products pipelines
East Line Field Office	Indianapolis, Indiana	
North Line Field Office	Homewood, Illinois	
Wolverine Pipe Line Field Office	Kalamazoo, Michigan	

FINANCIAL ORGANIZATION

Chicago Data Service Center	Chicago, Illinois	Data processing and accounting
Houston Data Service Center	Houston, Texas	
Los Angeles Data Service Center	Los Angeles, California	
Menlo Park Data Service Center	Menlo Park, California	
New Orleans Data Service Center	New Orleans, Louisiana	
New York Data Service Center	New York, New York	
Tulsa Data Service Center	Tulsa, Oklahoma	Retail credit card processing

SHELL CHEMICAL COMPANY HEAD OFFICE, New York, N. Y.

Agricultural Chemicals Division	New York, New York	Administration and marketing
Denver Plant	Denver, Colorado	Aldrin, VAPONA®, PLANAVIN®, AZODRIN®
Mobile Plant	Axis, Alabama	GARDONA®
Princeton Plant	Princeton, New Jersey	NO-PEST® Strips, Pet Collars
Ammonia Division	San Francisco, California	Administration and marketing
Shell Point Plant	Pittsburg, California	Ammonium Sulphate, Aqua Ammonia, N-SOL-32®, Catalysts, Carbon Products
St. Helens Plant	St. Helens, Oregon	Ammonia, Urea, N-SOL-32
Ventura Plant	Ventura, California	Ammonia, Urea, N-SOL-32